

AGRESERVES LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2005**



INDEPENDENT AUDITORS' REPORT TO AGRESERVES LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of AgReserves Limited for the year ended 31 December 2005 set out on pages 3 to 7, together with the financial statements of the company for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 7 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On we reported as auditors to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our audit report was as follows:

We have audited the financial statements of AgReserves Limited for the year ended 31 December 2005 set out on pages . These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on .

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if

INDEPENDENT AUDITORS' REPORT TO AGRESERVES LIMITED
Under section 247B of the Companies Act 1985

we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

QUALIFIED OPINION

Historically the company has valued crops in store at the lower of cost and net realisable value, including an element of government subsidy relating to those crops. This year the subsidy regime has changed, with subsidies no longer relating to crops. However, the company has continued to calculate net realisable value to include a subsidy element, as well as including the full subsidy relating to the year in the profit and loss account. The effect of this is to overstate profits and balance sheet by £397,902.

Except for the financial effect of including government subsidies within crop in store referred to in the preceding paragraph, in our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its results for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Martin and Acock

Martin & Acock
Chartered Accountants
Registered Auditors

2 The Close
Norwich
Norfolk
NR1 4DJ

25 May 2006

AGRESERVES LIMITED

ABBREVIATED BALANCE SHEET
As at 31 December 2005

	Note	£	2005	£	£	2004	£
FIXED ASSETS							
Tangible fixed assets	2		2,777,985			2,766,956	
Investments	3		6,928,674			6,928,674	
			<u>9,706,659</u>			<u>9,695,630</u>	
CURRENT ASSETS							
Stocks		2,304,511			2,157,749		
Debtors		1,505,580			1,316,034		
Cash at bank and in hand		213,743			1,227,689		
			<u>4,023,834</u>		<u>4,701,472</u>		
CREDITORS: amounts falling due within one year	4	(4,500,420)			(5,167,029)		
NET CURRENT LIABILITIES				(476,586)		(465,557)	
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>9,230,073</u>		<u>9,230,073</u>	
PROVISIONS FOR LIABILITIES AND CHARGES							
Deferred taxation				(59,101)		(42,957)	
NET ASSETS				<u>£ 9,170,972</u>		<u>£ 9,187,116</u>	
CAPITAL AND RESERVES							
Called up share capital	5		4,100,000			4,100,000	
Capital redemption reserve			5,350,000			5,350,000	
Profit and loss account			(279,028)			(262,884)	
SHAREHOLDERS' FUNDS				<u>£ 9,170,972</u>		<u>£ 9,187,116</u>	

ABBREVIATED BALANCE SHEET
As at 31 December 2005

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on and signed on its behalf.



Director

19th May 2006.

The notes on pages 5 to 7 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Farm building improvements and drainage	-	Straight Line over 5 to 20 years
Plant and equipment	-	Straight Line over 5 to 10 years
Motor vehicles	-	Straight Line over 3 to 10 years
Fixtures, fittings, tools and equipment	-	straight line

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2005

2. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2005	5,772,449
Additions	983,691
Disposals	(651,680)
At 31 December 2005	<u>6,104,460</u>
Depreciation	
At 1 January 2005	3,005,493
Charge for the year	779,628
On disposals	(458,646)
At 31 December 2005	<u>3,326,475</u>
Net book value	
At 31 December 2005	<u>£ 2,777,985</u>
At 31 December 2004	<u>£ 2,766,956</u>

3. FIXED ASSET INVESTMENTS

	£
Cost	
At 1 January 2005 and 31 December 2005	<u>£ 6,928,674</u>

Subsidiary undertakings

The following was a subsidiary undertakings of the company:

Hallsworth (Farmland Trust) Limited	100%
Farmspeed (Southery Anchor) Limited	100%

The aggregate of the share capital and reserves as at 31 December 2005 and of the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Hallsworth (Farmland Trust) Limited	3,566,983	-
Farmspeed (Southery Anchor) Limited	2,299,071	-

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2005

3. FIXED ASSET INVESTMENTS (continued)

Listed investments

The market value of the listed investments at 31 December 2005 was £17,034 (2004 - £13,377) .

4. CREDITORS

A composite guarantee dated 27 March 1998 is in place for indebtedness between AgReserves Limited and its two subsidiary companies, Hallsworth (Farmland Trust) Limited and Farmspeed (Southery Anchor) Limited.

5. SHARE CAPITAL

	2005 £	2004 £
Authorised		
10,000,000 Ordinary shares of £1 each	<u>£10,000,000</u>	<u>£10,000,000</u>
Allotted, called up and fully paid		
4,100,000 Ordinary shares of £1 each	<u>£ 4,100,000</u>	<u>£ 4,100,000</u>

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.